Handling Customer Complaints

Customer Complaints: Prevent or Perish

By Michele Schermerhorn   Reprinted with permission from the author

What percentage of your revenues or operating expenses are you spending answering customer complaints? Is the number growing? How much time are your people spending fixing mistakes? How much time is spent by your service people handling repairs and irate customers? How much time are your managers spending addressing the same problems they did yesterday?

If customer complaints are growing in number, if people are spending time correcting and re-correcting errors, and, if you have more people handling repairs than building product, the business is doomed. In order to remain competitive in global markets, every customer problem must be anticipated and prevented before it can occur. And, if it does occur, it must be attacked by the organization as a symptom of a larger work process problem. If the root causes remain untreated, just like a weed which hasn't been systematically destroyed, the same problem is lurking in the defective work process waiting to attack another customer, perhaps one of your largest customers. Prevention is an easy concept to understand, but very difficult to put into practice. Prevention is causing something not to happen. Every one of us spends personal time on prevention activities. Regular car maintenance, exercise, teeth flossing and annual physicals serve to prevent future problems. But, if prevention is so easy to understand, why don't more business people put it into practice?

Prevention is a long-term strategy struggling to survive in a corporate world obsessed with short- term gain. When an organization's primary focus is next quarter's profits, every dollar tends to be viewed by management as an expense dollar. To pursue a prevention strategy requires a business to function more as a family-owned business with an eye to the long-term viability of the business for the grandchildren. In this type of climate, prevention is viewed as an investment. A prevention strategy greatly impacts the future health of a business and must be implemented methodically.

There are four stages to the successful implementation of a prevention strategy:

Stage One: Develop a customer-centered strategy and communications plan.
This stage begins with the organization's leadership developing a policy regarding meeting customer's requirements through prevention. A sample policy might read: "ABC Department will produce products and services which meet its customer's requirements every time. In order to accomplish this, everyone within ABC Department will work to identify requirements with customers, seek out and design out potential problems in their work processes and resolve problems in a way that prevents the same problem from ever recurring."

The development of the policy is only the first step in this stage. Weaving the policy into the daily activities of the organization is critical. The leadership team must begin by identifying the critical customer interfacing work processes. These might include the sales, order entry, engineering, manufacturing, delivery and billing processes. Each of these processes directly interfaces with a customer or impacts what the customer will receive and can dramatically impact the reputation of the business. Any work process which has that significant an impact upon customers and the business must receive the highest priority for attention.

After identifying these high priority work processes, the leadership of the organization must identify the senior managers who will have primary ownership for each work process. These managers will be responsible for leading the development of a tactical plan for identifying: 1) all of the customers of the work process, 2) all those customer's requirements for the output of the work process, 3) existing problems with fulfilling those customer's requirements with the existing process, and 4) an improved design for the work process to insure it meets customer's requirements every time. This tactical plan will also include actions and responsibilities to implement the last three stages of a prevention strategy.

Progress on the tactical plan and its subsequent implementation must be reviewed regularly by the leadership team to make certain prevention activities are proceeding as designed. Without this high level attention to the prevention strategy, it will fail. The implementation of a new policy like prevention must remain with the leadership team until routine activities are performed in accordance with the policy, as assessed by the paying customers of the organization.

Stage Two: Re-define work processes so you can deliver to customer requirements.
In this stage of prevention implementation, the leadership team will continue its oversight function while the tactics become the responsibility of the work process owner and his/her team. This team needs to include the employees who currently work within the identified work processes. Redefining the fundamental way work will be accomplished includes the following six steps:

1. Identify the way materials and information will flow through the entire process from one person to another
2. Identify specific requirements at each of these hand-off points within the process
3. Identify the equipment and facilities required
4. Identifying and making available training and knowledge needed for each process worker to perform each step
5. Establish a well defined, clearly written procedure to follow
6. Build in prevention tools like checklists or templates

After this has been completed and prior to implementing the design changes, it is necessary to proof the changes.

Stage Three: Proof any changes to the work process prior to full scale implementation.
The tactical plan should include this stage of proofing prior to the implementation of any changes to work processes. In this stage, the team should run a "trial" of the new process in a controlled setting to discover any unanticipated problems prior to full scale operation. This stage is crucial to the successful implementation of the changes without adversely affecting the very customers meant to be better served by the changes.

In addition, the leadership team will continue its oversight function to insure the people on the implementation team understand the importance of what they are doing for the organization. It is too easy in the course of daily business for these people to be pulled away from these prevention based activities to cover current day fires. The leadership team must help people understand the policy and its long term implications for customers and the business. This will provide for a smooth stage four: implementation.

Stage Four: Implement and operate the redesigned work processes.

In addition to implementing the changes to the work process and proofing by the design team, four critical supporting processes should be implemented to assist in the prevention-based operation of these work processes into the future. The needed support processes should include:

- A Measurement System to ensure customer requirements are being met.

- An Action Priority System to ensure problems are prioritized based upon customer and company needs.

- A Corrective Action System which ensures any experienced problems are promptly reported, corrected and prevented in the future.

- A Recognition System which reinforces prevention activities over fire-fighting.

Until a leadership team is certain the letter and spirit of the prevention policy is functioning routinely within the organization, active involvement on their part is essential. Prevention will only become the life style of the organization's people if three elements are in place:

1. a prevention policy understood by all employees in the same way,

2. the supporting systems are in place and functioning effectively, and,

3. the leadership team models prevention in their every action.

Those who embrace and actively lead within a prevention strategy will lead the exceptional organizations of the 21st century. Those who don't will perish. Which will you choose?